

# Utah State Building Board



## MEETING

October 26, 2011

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### **MINUTES**

#### **Utah State Building Board Members in Attendance:**

N. George Daines, Chair  
Sheila Gelman  
Jeff Nielson  
David Fitzsimmons  
Ned Carnahan  
Gordon Snow  
Chip Nelson  
Ron Bigelow, Ex-Officio

#### **DFCM and Guests in Attendance:**

Gregg Buxton	Division of Facilities Construction & Management
Cee Cee Niederhauser	Division of Facilities Construction & Management
Kurt Baxter	Division of Facilities Construction & Management
John Nichols	Division of Facilities Construction & Management
Tom Shaw	Division of Facilities Construction & Management
Lynn Hinrichs	Division of Facilities Construction & Management
Chiarina Gleed	Attorney General's Office/DFCM
Kim Hood	Department of Administrative Services
Kimberlee Willette	Governor's Office of Planning and Budget
Rich Amon	Legislative Fiscal Analyst Office
Mike Perez	University of Utah
Jason Perry	University of Utah
Ken Nye	University of Utah
Gregg Stauffer	Utah Commission of Higher Education
Ben Berrett	Utah State University
Dave Cowley	Utah State University
Alyn Lunceford	Courts
Sherry Ruesch	Dixie State College
Dana Miller	SWATC
Chamonix Larson	GSBS Architects
Jim Michaelis	Utah Valley University
Kevin Hansen	Weber State University
Mark Halverson	Weber State University

Bob Askerlund	Salt Lake Community College
Fred Cox	State House of Representatives
Ellen Parrish	VCBO
Jessie Robertson	Steel Encounters, Inc.
Keri Hammond	EDA Architects
Teresa Chavez	Ken Garner Engineering
Dan Clark	Parks and Recreation
Danielle Stott	Dunn Associates, Inc
Libby Crapo	Stanley
Anna Heywood	Reaveley Engineers & Associates
Fran Pruyn	CRSA
Cynthia Cook	FFKR Architects
Russ Bachmeier	FFKR
Dave Tanner	Southern Utah University
Michael Raddon	Spectrum Engineers
Chris Coutts	Architectural Nexus
Kent Thorsted	Davis Applied Technology College
Brent Petersen	Davis Applied Technology College
Mike Bouwhuis	David Applied Technology College
Richard Maughan	Bridgerland Applied Technology College
Rich Van Ausdal	Dixie Applied Technology College
Tyler Brinkerhoff	Utah College of Applied Technology
Dave Harrell	Dixie Applied Technology College
Rob Brems	Utah College of Applied Technology
Clay Christensen	Mountainland Applied Technology College
Mark Walker	Uintah Basin Applied Technology College

On Wednesday, October 26, 2011, the Utah State Building Board held a regularly scheduled meeting in Room W30 of the East Building, Utah State Capitol Complex, Salt Lake City, Utah. Chair George Daines called the meeting to order at 9:04 am.

☐ **APPROVAL OF MINUTES OF OCTOBER 5, 2011**

Chair Daines sought a motion for approval of the minutes.

**MOTION:**      **Jeff Nielson moved to approve the meeting minutes of October 5, 2011. The motion was seconded by Sheila Gelman and passed unanimously.**

☐ **UNIVERSITY OF UTAH ADMINISTRATIVE REPORT**

Ken Nye from the University of Utah presented two reports to the Board. The first report, dated July 16 to August 19, 2011, included seven design agreements and six planning/study/other agreements.

In addition there were eight remodeling contracts and three site improvement contracts, two of which had budget issues noted in the report. These issues were covered by the Project Reserve Fund which is the purpose for these reserves. There was a small draw from the Contingency Reserve Fund for unknown conditions for the Secondary Water System for Landscape Irrigation.

The second report covered August 19 to October 7, 2011. There were 20 design agreements and

10 planning/study/other agreements during that period. There was nothing unusual with any of these agreements. Under construction contracts, the Central Chiller Plant Construction was over budget and required a transfer of \$110,668 from the Project Reserve in order to cover costs. Mr. Nye noted that it seemed that the projects presently over budget were associated with mechanical engineering problems. The University has had different engineering firms work with designs so they do not feel the problems are a result of one engineer being over budget. They are not sure if this is an indication of mechanical cost increases. The Project Reserve also saw a decrease of \$192,621 for the Eyring Chemistry HVAC System Upgrades. This brought their current Project Reserve Fund down to \$718,582. There were increases to the Contingency Reserve Fund and one decrease to the amount of \$14,098 to cover unknown conditions for the HPER Mall Tunnel & HTW.

**MOTION: Chip Nelson moved to approve the Administrative Reports for the University of Utah. The motion was seconded by Ned Carnahan and passed unanimously.**

At this time, Chair Daines welcomed Representative Fred Cox who was in attendance at the meeting and expressed appreciation for his interest in the Building Board.

**❑ SLCC CAPITAL IMPROVEMENT REALLOCATION REDWOOD ROAD CAMPUS**

Bob Askerlund, Vice President for Facilities at Salt Lake Community College reported they were requesting a reallocation of funds from VFD Fans to a Stair and Ramp Replacement Project. With the ESCO project ongoing at SLCC, the capital improvement VFD Replacement Project at the Redwood Campus would become part of the ESCO project and thus would be duplicated. SLCC would like to allocate \$100,000 to replace stairs and entry ramps to the same building.

**MOTION: Gordon Snow moved to approve the Reallocation for Salt Lake Community College, Redwood Road Campus. The motion was seconded by Ned Carnahan and passed unanimously.**

**❑ UTAH STATE UNIVERSITY ADMINISTRATIVE REPORT**

Ben Berrett from Utah State stated they have two reports for the Board as well. The first report, dated July 15 to August 19, 2011, included four professional contracts and thirteen construction contracts. There was a draw of \$10,142 from the Contingency Reserve Fund which involved several projects including the Geology to Maeser Steam Replacement. This included refurbishing a one hundred year old tunnel where workers incurred a buried tank associated with the old Animal Science Building. The Project Reserve Fund is in good order with \$2,694 added and a draw of \$55,496 for a paving project at the Student Living Center Parking Lot which came in higher than anticipated. The Project Reserve balance is at \$156,000 and there will be other closed projects which will contribute to the fund. This month's report includes the quarterly report as well.

The next report for August 19 to October 7, 2011, had three professional and eleven construction contracts issued. There was a \$21,000 total decrease from the Contingency Reserve Fund which included Medium Voltage Work and the Geology to Maeser Steam Replacement. This project incurred several small problems based on the age of the tunnel which was built in 1917. They discovered most of the original steam lines were still in place which created unknown conditions associated with the project. The Project Reserve Fund continues to be in order with one small decrease of \$2,400. The Fund is at \$154,495 and the University anticipates the closing of several

other projects will contribute to the fund shortly.

**MOTION: David Fitzsimmons moved to approve the Administrative Reports for Utah State University. The motion was seconded by Chip Nelson and passed unanimously.**

**☐ ADMINISTRATIVE REPORT FOR DFCM**

Kurt Baxter, Program Director for DFCM said during this reporting period there were seventy-four architect/engineering agreements and eighty-eight construction contracts awarded. Many of these projects have come in quite low and they have had to draw from Project Reserve Funds to award contracts. DFCM has found they are in a similar situation as the University of Utah in that they've discovered that costs for HVAC equipment is increasing slightly. There are several projects that have required additional funds from the Contingency Reserve such as the University of Utah USTAR Neuroscience Research Center and Provo Juvenile Courts Work Crew Building Renovation. Page 21 shows the summary of the Project Reserve and Contingency. The FY2011 ending balance is \$8.6 Million. The increases from the FY2012 projects have inflated the Reserve to \$12.5 Million. This may seem like a great deal of money at this point, however DFCM Accounting Department indicated that future DFCM projects will utilize these funds over the next nine months. DFCM does not feel this fund is overly inflated but is sufficient to handle the needs of future projects. Chair Daines asked Mr. Baxter to include in his monthly report a way to show what the current standard is and whether DFCM is in line with that standard so that the Board understands and has a way to compare the amounts in the Contingency Reserve Fund. Chair Daines requested that each of the Universities provide the same information. Mr. Baxter said the Project Reserve was at \$4.9 Million and historically this figure is a little low. DFCM does not like to see this fund lower than \$5 Million. Mr. Baxter said that next month he will provide a matrix to the Board which will show what the fund should be based on the number of construction projects going forward. Chair Daine stated he understands that the source of funds of the Contingency consists of funds that are left over from projects and asked if DFCM ever allocates funds to the Contingency Reserve. Mr. Baxter indicated that if the fund gets too high, then typically the Legislature will take the funds. Chair Daines said he feels there is a need for methodology which tracks what is needed for future use of the fund. Mr. Baxter clarified that the Contingency and Reserve Fund obviously fluctuate based on what is going on in changes in the construction market. Chair Daines would like to see a formula that is used to manage the Reserve accounts.

**MOTION: Jeff Nielson moved to accept the informational report from DFCM. The motion was seconded by Ned Carnahan and passed unanimously.**

**☐ CAPITAL DEVELOPMENT RANKINGS**

DTS Specialist, Gordon Jensen displayed the spreadsheet which showed the prioritization ranking of Capital Development Projects which were submitted by the Board members. These cumulative scores were viewed. Chair Daines invited discussion and explained the process by which Board members could change the prioritization during the meeting.

Chip Nelson wanted to clarify that DNR's project which was presented to the Board in October had been modified from its original content. Chair Daines explained that since the DNR had withdrawn their original project, Board members were voting on the modified project which was later submitted

to the Board. Chair Daines asked Gordon Jensen to modify the prioritization spreadsheet to add the word "Modified" after the Wasatch Mountain SP Renovation for clarification.

There was discussion concerning the number one ranking: University of Utah Utility Distribution Infrastructure. This project should stay in the number one position; however Chair Daines feels that the problems with the utility infrastructure represent a sort of management myopia and a failure to make ongoing updates over a period of time with a failure to attribute the cost of electricity represents fundamental problems that has been brewing for a number of years with respect to this rather large bill to fix the infrastructure. He encouraged the University of Utah to allocate sufficient cost on an annual basis to manage their infrastructure problems. Chair Daines said that Utah State was allocating funds for this purpose and expected the University of Utah to do the same. Other members of the Board expressed similar opinions concerning the University's infrastructure project.

Chair Daines indicated that the University of Utah was requesting \$50 Million for their project. He stated that given the funding this year, \$50 Million may be all that is available. He said that it is clear from the needs of the project that \$50 Million would not be spent on the infrastructure project this year and would like to suggest \$25 Million be allocated this year and \$25 Million for the following year. He still has desires to have this project ranked number one. Members of the Board clarified that the University was requesting \$100 Million. Fifty million would be bonded and \$50 Million would come from state funds so \$50 is the request. Ron Bigelow said that he understood that all of this would be state funds. The difference would be in the Building Block's request. If the University does a bond, his understanding is that there will be a Building Block request from the Legislature to make that payment so in essence it is all funded from the state. Chair Daines clarified that the proposal is to \$50 Million bonded and \$50 allocation.

**MOTION: George Daines moved to keep the University of Utah Infrastructure Project in the number one position but as part of this request, the Board insert into the project ranking a parenthesis statement that gives \$25 Million now and stipulates that this project be ranked number one next year so that \$25 Million could be allocated next year, thus creating two separate draws. This would allow enough money for other projects to be funded this year. The motion was seconded by David Fitzsimmons.**

The subject was open for discussion again and Sheila Gelman voiced her objection to the motion. Chair Daines felt that the University could not spend the full \$50 Million in one year. Ron Bigelow expressed concerns that only the Legislature can assign amounts to a project. Chair Daines explained that the Board can indicate that their priority is for a certain amount. University of Utah's Facilities Manager, Mike Perez explained that this was a complicated project and explained that their first component was for \$50 Million which is their request this year from the development side. The balance would come from bonding which they would work with the Higher Ed Subcommittee for funding that second portion. Of the \$99 Million, about \$13.5 Million was to complete the High Temp Water Project which was about 3/4 complete. The allocation from the state would include \$13.5 Million to finish that project and as Director Buxton stated \$15 Million to purchasing equipment such as transformers, switches, etc., which includes a large portion of the project. The balance would go into actual construction. The University's plan indicated they would need anywhere from \$25-\$30 Million the first year to get started. We would be ordering very expensive equipment but it would not come in for eight to ten months.

Chip Nelson suggested that the State allocate the funds in phases over a period of time as the University's construction progresses. He felt that would be better than stipulating a fixed amount. Chair Daines agreed with Mr. Nelson's suggestion. Jeff Nielson said that he understood the role of the Board was to prioritize projects based on need rather than on amount of funding. He realizes the need to spread the wealth as far as possible but felt that the Board should simply state their prioritizations. There was continued discussion concerning recommending a phased funding approach because of the limited funds available this year and whether the Board has the authority to modify a request.

David Fitzsimmons suggested the Building Board's Prioritization List be sent to the Legislature with an accompanying letter which expresses the desire of the Board that the funds not all be spent the first year for the University of Utah project. Chair Daines assigned Mr. Fitzsimmons to send the letter along with the Prioritization list describing the Board's wishes.

**AMENDED**

**MOTION:** Jeff Nielson amended the motion made by George Daines to include in the suggestion to the Legislature, that caution should be used in how they disperse the funds.

**MOTION**

**WITHDRAWN:** After considerable discussion, George Daines withdrew his motion

**MOTION**

**WITHDRAWN:** Jeff Nielson withdrew his amended motion.

Jeff Nielson opened a discussion on the impact of donor funds or non-state funds on Building Board rankings. Ned Carnahan clarified that in the Board's ranking process, they do address donated funds (or funds from other sources) for a project, which gives the project a numerical advantage. Kurt Baxter confirmed that "additional funding" is one of the perimeters of the scoring process. The challenge is that the previous Building board gave this a weight of one, so it doesn't add a high score to the project. This is something the Board can structurally change for future scoring sessions. Non-state funding does have an affect but not in the margins supposed. Gregg Stauffer, Commissioner of Higher Education reminded the Board that SUU had a four million dollar donor for their twelve million dollar project or one-third of the project cost and Utah State's Brigham City project has a seven and a half million dollar revenue bond from Brigham City for their fifteen million dollar project, or fifty percent of the project. The Board of Regent's scoring process places more priority on other funding and awards more points in their scoring process.

Gordon Snow said that the Building Board and the Board of Regents ranking of the University of Utah Infrastructure project was somewhat self-imposed. He felt the University should take some responsibility in keeping things up to date and make repairs to their infrastructure on an "as needed" basis rather than letting it get in such disrepair. He felt that the University should have been prepared for these repairs rather than spend their money somewhere else. The system should not encourage neglect and the University should be encouraged to take care of the funding for their infrastructure on a regular basis. Mike Perez responded that there was not a state fund for infrastructure and hence the reason for the problem with funding. Ron Bigelow suggested if the Board wanted to have the University be more accountable for infrastructure in the future, that the Board should consider requiring some sort of infrastructure impact study with each new building so

that infrastructure problems do not happen in the future.

Mr. Bigelow commented that he did not see the revenue bond with Brigham City on the non-state funded list and wondered if it would be added next year. He expressed concern and said there were sometimes ramifications to alternative methods of funding which can have a significant impact. It may appear to be a simple solution that a project should get more weight because they have money from non-state sources; however that is not always the case. Mr. Bigelow made additional comments and spoke from his experience in the Legislature that a building constructed with donated funding was much less desirable than a state-funded building because it cost the state more money in the long run and resulted in structures which were not built to the same standards and with the same energy efficiencies.

Chair Daines asked Kurt Baxter to brief the Board on the O & M component on all state buildings. Mr. Baxter said that the cost of O & M is based on the life cycle of the building. Basically there are different types of buildings in the state – warehouses, labs, classrooms, offices, etc. The cost of maintaining a building is based on what kind of structure it is. Requests are calculated based on the square footage and the type of structure. DFCM comes to an agreement with the agency or institution what that cost per square foot will be, based on DFCM's standard rates. Once the information is determined, it is included in the Five Year Book and recognized as part of the cost of a state or non-state funded building. Most studies will reveal that the cost of construction is only 34-35% of the cost of the actual building. The next 50 years the state will pay about 2/3 of the cost as O & M. There are times that the Legislature does not approve non-state funded buildings because they realize the state will be responsible for 50 years of gas, electricity and maintenance for the building. Chair Daines added that donated buildings may include particular maintenance issues due to donors wanting a particular design which may increase the O & M costs. Mr. Baxter also added that if non-state funds are combined with state funds the building will be built to DFCM standards which are higher standards of energy efficiency. Ned Carnahan said that allocations for O & M for state buildings are not increased over the years. He suggested that this be a later agenda item and have the institutions brief the board on how this works with life cycle costs and inflation. This is an issue at every institution and should be reserved for discussion by the Board at a later time.

There was continued discussion concerning the University of Utah's Utility Infrastructure Project. Mike Perez from the University of Utah explained that the State needs to have a better funding structure to take care of funding utility projects. There is O & M for buildings but there is no funding for utility distribution systems. This challenge at the University of Utah has been going on for decades with multiple requests to previous Building Board for funding of maintenance on utility systems. There has been at least \$1.5 Million annually applied toward the high voltage and the high temperature systems which are old and basically worn out. Previously, the University has benefited by paying a schedule nine rate (or 30% discount) for utilities for decades. In the future they will be paying a schedule six rate with a substantial increase. The solution that the University has been proposing is tied to the bond issuance in that they would work with the Higher Ed Subcommittee and increase their fuel and power rates to schedule six which is what other state agencies pay currently. With this solution the University would have an O & M and R & R fund which will offset the costs. The University has been trying to get this project approved for four years. They have worked with DFCM and consultants. They would be happy to share reports and engage in detailed conversation with the Building Board concerning this project. Kim Hood suggested that the University submit a report with each new building explaining how this additional structure will affect the impact on the utility distribution system along with the estimated O & M. Mr. Perez said that each building will now

pay an impact fee for utility consumption and the University is hoping (with the master plan as their guide) to continue to sustain the campus for the future. Chair Daines requested that next month a management report be provided by the University concerning their infrastructure problem. This should be part of the Administrative Report and essentially should address the cause and future management of the utility infrastructure system.

**MOTION: Sheila Gelman moved that the Board focus back on the ranking issue. The motion was seconded by Jeff Nielson and passed unanimously.**

Ned Carnahan requested that the Board discuss the USU CEU project in Price. He stated that USU has requested funding for three new buildings. An engineering study was completed which indicated that one of the buildings is in very poor condition. His question is whether USU's Chancellor Peterson would be interested in funding one building in his request even though he is asking for three. Mr. Carnahan said there was not enough money for all three buildings this year, but was contemplating a change in the ranking if USU would be interesting in funding one building. Gordon Snow said that USU CEU has more square footage per student than any place in the State and have gone through a significant transition by becoming part of Utah State University. He is reluctant to see the State invest money there until the student attendance is increased. Ned Carnahan said he would not make a motion but wanted to encourage the Board to look into the project in another year. This project has been presented for twelve years without funding.

**MOTION: Gordon Snow moved that the Board accept the Capital Development Rankings as currently listed. The motion was seconded by Sheila Gelman. The motion passed with five in favor and two abstained.**

Ron Bigelow said he thought the Board members had to vote and could not abstain. The two Board members who abstained said that they would then vote no.

**Chair Daines requested that the record show the voting:**

**Ned Carnahan: No  
Jeff Nielson: No  
Gordon Snow: Yes  
George Daines: Yes  
Sheila Gelman: Yes  
David Fitzsimmons: Yes  
Chip Nelson: Yes  
Sheila Gelman: Yes**

**Board members clarified that their voting on the motion did not include the Land Banking Requests.**

At 11:02 a.m. Chair Daines suggested the Board recess and reconvene at 11:10 am

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The meeting reconvened at 11:10 am with discussion about the Land Banking Requests. Chair Daines indicated a quorum was present and the floor was open for motions or changes to the request.



**MOTION:** Ned Carnahan moved that land purchase portion of the DXATC Building Project which was number six on the Capital Development Prioritization list be moved to the number one position on the Land Banking Request. The motion was seconded by Sheila Gelman and passed unanimously.

**MOTION:** Chip Nelson moved that the BATC Land Purchase (number two position) be moved to the sixth position or lowest priority on the list for Land Banking Request. The motion was seconded by Gordon Snow and passed unanimously.

**MOTION:** Jeff Nielson moved to approve the Land Banking Requests as they currently stand. The motion was seconded by Ned Carnahan and passed unanimously.

**☐ FY2013 HEARING FOR PROJECTS FROM OTHER FUNDING SOURCES**

The following presentations were made during the meeting:

Courts                      Richfield Courthouse Purchase                      Presented by: Alyn Lunceford

**MOTION:** Jeff Nielson moved to approve the request of Richfield Courthouse Purchase. The motion was seconded by Gordon Snow and passed unanimously.

UBATC                      Petroleum Technology Training Building                      Presented by: Mark Walker

**MOTION:** Chip Nelson moved to approve the request of the Petroleum Technology Training Building. The motion was seconded by Jeff Nielson. The motion passed with 6 in favor and one opposed.

U of U                      International Building                      Presented by: Mike Perez

**MOTION:** Gordon Snow moved to delay approval of the International Building until more information concerning price per square foot could be given. The motion was seconded by Chip Nelson and passed unanimously.

U of U                      Orthopedic Center Phase II Expansion                      Presented by: Mike Perez

**MOTION:** David Fitzsimmons moved to approve the request of the Orthopedic Center Phase II Expansion. The motion was seconded by Ned Carnahan and passed unanimously.

U of U                      S.J. Quinney College of Law Building                      Presented by: Mike Perez

**MOTION:**                      **Gordon Snow moved to delay approval of the S.J. Quinney College of Law Building until funding sources are identified. The motion was seconded by Chip Nelson and passed unanimously.**

U of U                      HPER Parking Terrace                      Presented by: Mike Perez  
U of U                      Health Sciences Center Parking Terrace                      Presented by: Mike Perez

**MOTION:**                      **Chip Nelson moved to delay approval of the HPER Parking Terrace and the Health Sciences Center Parking Terrace until further information is supplied by the University. The motion was seconded by Sheila Gelman and passed unanimously.**

U of U                      Dee Glen Smith Athletic Center Expansion                      Presented by: Mike Perez  
(This project was for information only and had been approved by the Board at a previous meeting)

USU                      San Juan Campus Student Housing                      Presented by: Dave Cowley

**MOTION:**                      **Gordon Snow moved to approve the San Juan Student Housing with the request that USU proceed with caution. The motion was seconded by David Fitzsimmons and passed unanimously.**

WSU                      Social Sciences Building Renovation                      Presented by: Mark Halverson

**MOTION:**                      **Jeff Nielson moved to approve the Social Sciences Building Renovation. The motion was seconded by David Fitzsimmons and passed unanimously.**

WSU                      Stromberg Center Addition                      Presented by: Mark Halverson

**MOTION:**                      **Chip Nelson moved to approve the Stromberg Center Addition. The motion was seconded by Ned Carnahan and passed unanimously.**

☐                      **ADJOURNMENT .....**

**MOTION:**                      **Sheila Gelman move to adjourn the meeting. The motion was seconded by Chip Nelson and passed unanimously.**

The meeting ended at 12:59 pm.